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## GROMYKO: USSR FAVORS ISRAEL EXISTING AS INDEPENDENT STATE; USSR-ISRAEL DIPLOMATIC RELATIONS 'REAL' IF MIDDLE EAST SETTLEMENT PROGRESSES

By Yitzhak Rabi

UNITED NATIONS, Sept. 24 (JTA)--Foreign Minister Andrei A. Gromyko declared today that the Soviet Union "stands in favor of Israel existing and developing as an independent sovereign state" and indicated that Russia would resume diplomatic relations with Israel if "real, not illusory progress" is made toward a Middle East settlement.

Addressing the 29th annual session of the General Assembly, Gromyko claimed that the Soviet Union's position in the Middle East cannot be considered one-sided because it supports "the legitimate demands of the Arabs." He said the Soviet attitude in the Mideast "reflects intolerance of aggression in general." Gromyko said that "real, not illusory progress" toward a Middle East settlement "will create prerequisites for the development of relations between the Soviet Union and all the states of the Middle East, including Israel."

### Prompt Resumption Of Geneva Peace Talks

Gromyko urged the prompt resumption of the Geneva peace conference which he described as "the most appropriate forum for considering the Middle East's problems." He said the time has come for deeds rather than words "to assure the legitimate rights of the Arab people in Palestine" who "must take their rightful place at the (Geneva) conference."

Observers here were quick to note the moderate tone toward Israel taken by the Soviet Foreign Minister, in sharp contrast to his previous anti-Israel and anti-Zionist diatribes at the UN. But Gromyko nevertheless took some swipes at the Israelis. He reiterated Soviet demands that Israel withdraw from all the Arab lands seized in 1967. He contended that Israel regards the disengagement accords with Syria and Egypt "as a maneuver intended to freeze the situation" and that Israel intends to hold on to the Arab territories.

### Rights Of 'Arab People Of Palestine'

Gromyko warned that unless the "legitimate national rights of the Arab people of Palestine" are secured "there can be no stable peace in the Middle East." He added that "It takes no prophet to foresee a new flare-up of hostilities if a Middle East settlement should be reduced to half-measures no matter how well advertised."

Speaking on the Palestine question, Gromyko said, "A wider approach is required here which would open the way to assure not in words but in deeds the legitimate rights of the Arab people of Palestine." He said that was the reason the Soviet Union was in favor of including the Palestine Question as a separate item on the agenda of the General Assembly. Gromyko lauded detente. He said that, on the whole, international events have now been turned closer to peace.

### Change Of Tone Noted

Commenting on the Soviet Foreign Minister's remarks on the Middle East, diplomatic sources

here singled out the fact that there was a change of tone though no departure from the traditional Soviet policy on the Mideast. They said the fact that Gromyko spoke unequivocally for the right of Israel to exist was somehow different from past reaffirmations by the Soviets of the rights of all parties in the region. The sources also observed that this was the first time Russia has spoken publicly on the resumption of diplomatic relations with Israel, even though that was made conditional on Israeli withdrawal from the occupied Arab territories.

(See P. 2 for related UN stories.)

### TERRORIST STRONGHOLDS ATTACKED

TEL AVIV, Sept. 24 (JTA)--Israel Air Force planes attacked terrorist strongholds in southeastern Lebanon today and returned safely to their bases, a military spokesman announced. He said the attack began at 3:20 p.m. local time and continued intermittently for 15 minutes. A report from Lebanon said six Israeli aircraft took part in the attacks. Israeli Air Force planes attacked similar targets in southern Lebanon nine days ago, on the eve of Rosh Hashana, with the apparent objective of forestalling possible terrorist incursions into Israel during the holiday.

Meanwhile, a large-scale exercise by an Israeli army formation, the second in two months on the Golan Heights, ended this morning. Units of armor, infantry, artillery and the Air Force took part. Despite the extensive scope of the exercise, held on battle sites of the Yom Kippur War, life on the Golan Heights continued without obstruction and roads remained open to civilian traffic.

### LAST MAJOR OBSTACLE TO U.S.-USSR ACCORD ON TRADE-EMIGRATION ISSUE

By Joseph Polakoff

WASHINGTON, Sept. 24 (JTA)--Whether the Congress or the President will determine the results of a United States-Soviet understanding on Soviet emigration practices was reported today as the only major obstacle to adoption of U.S. legislation on the emigration-trade issue between the two countries.

Capitol Hill sources confirmed in interviews with the Jewish Telegraphic Agency that the Administration and the Soviet government have reached an understanding and that the focus now is on the Administration's willingness to allow Congress the authority to review and judge the results each year.

Under the U.S.-Soviet agreement, reportedly "nailed down" last weekend between Soviet Foreign Minister Andrei Gromyko and Secretary of State Henry A. Kissinger, the Soviets pledged to allow about 60,000 Soviet citizens, including Jews, to emigrate annually and not to molest these applicants and family members.

However, key Congressional figures involved in the Jackson-Mills-Vanik amendments to the Trade Reform Act pending in the Senate, insist that both Houses of Congress must approve legislation each year to allow trade benefits to the Soviet Union to continue. The Administration, however, demands that the President report annually on Soviet emigration practices and if the House or Senate were dissatisfied, it could then vote against further benefits. The JTA was informed that the

Congress position is firm and it is now up to the Administration to act. "The ball is in the White House court," one source said. "A decision might come any time."

#### ALLON-KISSINGER MEETING SET

**JERUSALEM, Sept. 24 (JTA)**--Israeli Foreign Minister Yigal Allon will meet with Secretary of State Henry A. Kissinger in New York Oct. 1 and will meet the foreign ministers of several other nations, including some with which Israel has no diplomatic relations, it was learned here today. Allon, who left for New York yesterday to head the Israeli UN delegation at the 29th annual session of the General Assembly, said specifically that he had no plans to meet Soviet Foreign Minister Andrei Gromyko.

Kissinger himself will visit the Middle East again next month. He will arrive in the region Oct. 9 and will spend 24 hours in Israel, beginning on the night of Oct. 12, sources here said. By then, the Cabinet will have received a full report from Allon on his discussions with the American Secretary of State and, hopefully will have laid down a definitive policy for the next stage of peace negotiations which are expected to be held with Egypt.

Reliable sources said here today that Israel would want to present Kissinger with its own plan as the basis for further negotiations rather than wait for Egyptian proposals or for Kissinger himself to make suggestions.

#### Question Of Non-Belligerency

The framework of the Israeli plan has been outlined publicly by Premier Yitzhak Rabin on several occasions. It calls for a political as well as a military arrangement leading to a declaration by Egypt of non-belligerency with Israel. The Cabinet must translate its understanding of non-belligerency into practical terms of political, military and economic arrangements and decide exactly how much territory in Sinai Israel was prepared to give up in exchange for these arrangements.

The source said Israel has no reason to believe, at this juncture, that Egypt would agree to a declaration of non-belligerency in return for anything less than the total evacuation of Israel from Sinai. Israel therefore expects the forthcoming negotiations to be long and difficult. Kissinger is said to be aware of this and does not expect speedy solutions, the source said.

#### BRITAIN SAYS MIDEAST MOMENTUM TOWARD PEACE MUST CONTINUE

**UNITED NATIONS, Sept. 24 (JTA)**--British Foreign Minister James Callaghan told the General Assembly today that the momentum of peace in the Middle East should be maintained, otherwise "stalemate is the surest guarantee of another war." He said that a settlement will involve compromises but expressed confidence that an agreement "which would give peace, security and justice to all the people of the area" can be achieved.

Callaghan declared that his country would support the next round of talks between the Middle East countries to achieve that goal. He said that his visit earlier this year to the Middle East convinced him that "we were in a period of opportunity for a settlement of this problem."

#### BRAZIL SAYS ISRAELI WITHDRAWAL INTEGRAL PART OF MIDEAST SOLUTION

**UNITED NATIONS, Sept. 24 (JTA)**--The For-

eign Minister of Brazil said yesterday that Security Council Resolution 242 did not exhaust the possibilities for a settlement of the Middle East conflict of which "withdrawal from the occupied territories was an integral part." Antonio F. Azerdo Da Silveira made that remark in his opening statement to the 29th annual session of the General Assembly.

He said that if implementation of Resolution 242 might constitute one of the possible indispensable conditions for the development of a solution to the problem, it was also true that such implementation did not exhaust the range of measures essential to the attainment of the greater objective of peace, security, tranquility and social and economic development of the countries of the region. "We believe that withdrawal from the occupied territories was an integral part of the solution to the conflict, admitting of no sophistry," the Minister declared.

The Jewish community in Brazil has expressed concern recently over what it regards as their country's change of course from a pro-Israel to a pro-Arab policy. Their fears were heightened by a joint communique issued in Brasilia during the visit of Saudi Arabian Foreign Minister Omar Saqaf that called for Israel's withdrawal from all Arab territories and stressed "the legitimate rights of the Palestinian people." But a high government official assured a Jewish delegation this week that President Ernesto Geisel has not altered the nation's "even-handed" policy in the Middle East conflict.

#### SYNAGOGUES TO MARK WAR ANNIVERSARY

**NEW YORK, Sept. 24 (JTA)**--A record number of more than 1000 synagogues in the United States and Canada will participate in Israel Bond appeals on Yom Kippur, it was announced by Rabbi Leon Kronish, chairman of the National Rabbinic Cabinet of the Israel Bond Organization. This effort will commemorate the 3000 Israeli soldiers who fell in the Yom Kippur War and will involve the largest number of congregations ever to take part in the traditional High Holiday Israel Bond appeals.

Congregations have been urged to support Israel Bond appeals on Yom Kippur by the rabbinic organizations of the three branches of Judaism--the Rabbinical Council of America, the Rabbinical Assembly and the Central Conference of American Rabbis. They have endorsed the enrollment of Shomrei Israel (Guardians of Israel) through family purchases of \$1000 or more in Israel Bonds. The first anniversary of the Yom Kippur War will be marked by an intensive 10-day campaign beginning Sept. 26 aimed at strengthening the hard-pressed economy of Israel.

Rabbi Kronish stated that to mark the anniversary, worshippers in the country's synagogues will be asked to buy Bonds "to repay the debt they owe to the 3000 brave men who gave their lives in the defense of Israel."

A Torah Mantle made in Israel to memorialize the first anniversary of the Yom Kippur War, will be awarded to synagogues in the United States, Canada and Europe for outstanding participation in the program to sustain and expand Israel's economic development. Hundreds of Orthodox congregations will recite a special prayer in memory of the fallen heroes of the Yom Kippur War, composed by the Chief Rabbi of Israel, Shlomo Goren, by decision of the Council of the Chief Rabbinate.

#### CAPUCCI PLEADS NOT GUILTY

**JERUSALEM, Sept. 24 (JTA)**--Archbishop Hilarion Capucci pleaded not guilty today to charges

of delivering arms to terrorists in Israel and having contacts with terrorist agents. He entered his plea after the Jerusalem District Court rejected his lawyer's claim that Capucci could not be tried in East Jerusalem because that city's political status is in dispute. The court also rejected Capucci's claim to diplomatic immunity.

The prelate of the Greek Catholic Church whose diocese covers East Jerusalem and the West Bank, was arrested last Aug. 8. He reportedly confessed to police interrogators that he had indeed committed the acts with which he has been charged. When his trial opened last Friday, he refused to enter any plea pending the outcome of his lawyer's motions.

The court asserted today that there was no doubt that Israel applies Israeli law, its judicial system and administration to East Jerusalem and therefore it was permissible to try the accused there. The court also said it was the defendant's duty to prove he was entitled to diplomatic immunity, which Capucci has not done. More than 30 prosecution witnesses are expected to testify during six court sessions which will begin Oct. 10. The court's secretariate decided, with the agreement of both sides, to translate the court proceedings from Hebrew into English and not into Arabic.

#### ISRAEL MARKS FIRST ANNIVERSARY OF WAR WITH MEMORIAL DAY OBSERVANCE By Yitzhak Shargil

TEL AVIV, Sept. 24 (JTA)--Israelis joined today in a somber memorial day observance of the first anniversary of the Yom Kippur War with special assemblies at all army bases and informal gatherings of Yom Kippur War veterans from various reserve units.

Gen. Mordechai Gur, Chief of Staff, declared, in an order of the day, that since the war, Israel had increased the might of its defense forces quantitatively and qualitatively. He warned that "forces in the world" were aiding the Arab armies with modern weapons and political support and that Israel must create the capacity "to prevent war or win it."

President Ephraim Katzir received today 74 soldiers, representing all the units which participated in the war in a ceremony attended by Defense Minister Shimon Peres, Gur and senior army officers. Katzir listed one by one the branches of the armed forces and their contributions to the war, and lauded their performances during the war as he recited the courageous actions of each unit.

Peres recalled that the Syrians and Egyptians had more tanks than Nazi Germany used against the Soviet Union in World War II and more planes than Britain had then. He said also that Israel had faced nearly one million soldiers from 11 Arab armies and volunteers from other countries during the 19-day war.

#### Perilous Times Recalled

In Jerusalem, parents and wives of soldiers from Jerusalem killed in the Suez front fighting were presented with a memorial book to the fallen troops. In Haifa, armored unit men recalled the perilous time when 200 soldiers manning 50 tanks fought 550 Syrian tanks on the Golan Heights for 16 hours until reinforcements arrived, losing 84 men in that lonely defense.

Crews of missile boats recalled the emergence of the Navy as a fast-hitting force which struck hard at Syrian and Egyptian vessels and installations, including Syrian oil stores near Latakia. They recalled also hitting three Egyptian

missile boats, one of which was sunk on the exact spot where the Israeli destroyer "Eilat" was sunk six years ago by an Egyptian missile off the shores of Sinai.

One previously unknown exploit was the disclosure that on the fifth day of the war, a week before Israeli troops crossed the Suez Canal in force, an Israeli unit was helicoptered into Egypt and carried out a series of operations behind Egyptian lines until it was pulled out by a copter in a daring rescue because of bad weather conditions.

Soldiers who fought in the war were awarded campaign ribbons. Similar presentations were made to war invalids at their homes. One blind soldier wept when he was given his ribbon.

#### Army On Special Alert

The army was placed on special alert, starting with the Yom Kippur fast tomorrow night, for any attack by Arab armies or terrorists. Passage will be barred, during the 24-hour fast period, between the West Bank and Gaza Strip and Israel which is normally unhindered. A skeleton staff will man Israel's radio and television stations in case of an emergency. Transmissions had been cancelled for Yom Kippur last year, as in previous years, but resumed when the Arab armed forces began their attacks.

#### AZF WELCOMES ARNON

NEW YORK, Sept. 24 (JTA)--Michael Arnon, the new president and chief executive officer of the Israel Bond Organization, was officially welcomed yesterday by the American Zionist Federation at a reception at the Jewish Agency headquarters attended by about 75 persons.

Rabbi Israel Miller, AZF president, in welcoming Arnon, a former Israeli Consul General in New York, noted that Israel is not just a country like other nations but "it is now the Jewish State" and its civil servants are "the civil servants of the Jewish people." He said that Jews everywhere have to be interested in helping Israel develop. "Israel is our future," Rabbi Miller said, adding, "we invest not merely our dollars but ourselves."

In his reply, Arnon noted that the sale of Israel Bonds will soon reach \$3 billion and said that there was not a building or road in Israel in which Israel Bonds had not played at least a part in bringing into existence. He urged continuation and increased support for Israel Bonds in order to allow Israel to be strong enough to prevent war or if war becomes necessary to resist the enemy.

David Rivlin, Israeli Consul General in New York, noted that Israel must be able to meet the "awesome responsibility" of taking in Jews from the Soviet Union and the Arab countries when they are allowed to emigrate.

#### MRS. S. DEBORAH EBIN DEAD AT 87

NEW YORK, Sept. 24 (JTA)--Mrs. S. Deborah Ebin, honorary president of the American Mizrahi Women and a former president, died here yesterday at the age of 87. She was the wife of the late Rabbi Nachman H. Ebin of New York and daughter of the late Rabbi Aaron M. Ashinsky of Pittsburgh, both founders and leaders of the Mizrahi movement. In 1943, the American Mizrahi Women established a modern village and farm school, Kfar Batya, for which Mrs. Ebin had been chairman. She attended three World Zionist Congresses as a delegate. She also served as chairman of the building fund for the dormitory of Yeshiva College of New York. Funeral services will be held tomorrow.

NEW YORK (JTA)--The trial of Victor Polsky will be held Oct. 17 in Moscow, Jewish sources said.

**BEHIND THE HEADLINES****ANOTHER JEWISH BANK IN TROUBLE**

By David Landau

JERUSALEM, Sept. 24 (JTA)--Reports over the weekend and into this week of the "liquidity problems" of Swiss Jewish financier Tibor Rosenbaum's financial empire flooded the Israeli press and gave further cause for concern among business and finance circles here, and among Orthodox circles, both of which have been hit hard recently by the financial collapse of Jewish millionaires abroad.

While the extent of Rosenbaum's problems were not immediately apparent, moves were reportedly proceeding in Frankfurt in the hope of selling his "International Credit Bank of Geneva" and thereby perhaps saving his vast business and financial empire. Economic commentators here noted that no matter what the eventual fate of the bank, there was good reason to hope that Rosenbaum's interests in Israel would not be affected by his crisis. These interests include large shares in two major textile concerns as well as real estate and other ventures.

Rosenbaum is the third prominent Orthodox Jewish millionaire in Europe to fall upon hard times this year. The earlier two were William Stern, his brother-in-law from London who is a real estate magnate, and Harry Landy, also from London whose Israel-British Bank crashed first in Tel Aviv then in London and brought down others of his family's ventures with it.

**Crisis Of Confidence**

All three were intimately connected with Israel's economy: Stern had last year bought up "Pan-Lon," Israel's largest private building company. He was forced to sell it when his empire in England crumbled. He is reputed to have other, smaller interests, too, in Israel. Landy, head of the well-established Williams family, owned, apart from the bank, the "Eliaz" wineries here and several real estate and other concerns.

Israel's taxpayers were not, of course, affected by Stern's troubles. In fact "Pan-Lon" had been doing well, but he had had to sell to raise capital in London. The extent of the government's losses in the Israel-British Bank is not yet fully known, and its former managing director, Landy's brother-in-law, Yehoshua Benson, is still awaiting trial.

But over and above dollars and cents, Israel has suffered severely in these instances. Both banks were known to be closely connected to Israel. Landy and Rosenbaum were on warm terms with the leaders of Israel's economy, and the upshot must inevitably be a weakening of general confidence in Israel and Israeli-connected banking institutions.

**Orthodox Sector Hard Hit**

The Orthodox sector here will particularly suffer from these three otherwise unconnected setbacks. All three millionaires have been philanthropists, mainly to Orthodox causes, and mainly in Israel on a very large scale, and many an Orthodox institution is going to feel the pinch now.

The National Religious Party has been especially unfortunate. Landy and Rosenbaum are two of its most prominent leaders. In fact Rosenbaum is one of its three-man international presidium. Furthermore, they both were closely involved in fostering the party's own

commercial and banking ventures.

**SOARING INFLATION PLAYING****NAVOC WITH ISRAEL'S ECONOMY**

By Gil Sedan

JERUSALEM, Sept. 24 (JTA)--The soaring rate of inflation that has bedeviled Israel's economy since the Yom Kippur War has slowed precipitously in recent months, a leading economist told the Knesset Finance Committee yesterday. But the rate may rise again and the negative effects of world-wide inflation on Israel's economy makes any predictions in this sphere a gamble, according to Dr. Eliezer Shefer, director general of the Bank of Israel.

He attributes the sharp decline in the inflation rate to several causes, only one of which can be considered a direct result of the government's deflationary economic policies. This is the tightening of credit which has slowed down the economy and is felt mainly in the housing market, Dr. Shefer said.

Other causes were the difficulty of finding customers overseas and reduced consumer spending at home after a buying spree earlier in the year. The government managed to hold down the price of fruit and vegetables before Rosh Hashana--an important element in the cost of living index. But these factors may change as the winter approaches. Some economists believe that some price increases were absorbed initially by middlemen but will eventually be passed on to consumers.

**Impact On Housing Market**

Dr. Shefer reported that the price index rose at a record rate of 18 percent during the first quarter of 1974. It slowed down to 2.7 percent during the first two months of the second quarter and in the past three months has been hovering between .3 and 1.4 percent which is a perfectly normal rate for a country that claims the world record in inflation, Dr. Shefer said.

The limitations on credit and freeze on large-scale construction has had a noticeable impact on the housing market. There is a large supply of flats, something unknown in previous years, when prices soared by 300 percent and more. While the prices have not gone down yet, they are not going up, Dr. Shefer reported. He said one notices a hitherto unknown phenomenon: the same apartments advertised over a period of weeks at a constant price. Until a few months ago, the prices of apartments changed from hour to hour, Dr. Shefer said. If the present housing situation continues, inflation may finally be beaten, he added.

**NO REPORTED CASUALTIES TO JEWISH POPULATION IN HONDURAS**

WASHINGTON, Sept. 24 (JTA)--The few Jewish families living on the north coast of Honduras, which was devastated by Hurricane Fifi, apparently suffered no casualties, the Jewish Telegraphic Agency was told today. No reports of any casualties have been received thus far by Jewish sources here. Some 5000 were reported dead and 50,000 were made homeless by the hurricane.

Most of the approximately 70 Jews on the north coast live in the industrial and commercial city of San Pedro Sula which, a United Fruit Co. official told the JTA, largely escaped hurricane damage. San Pedro Sula has a synagogue. One Jewish family was believed to be living in Tela which was flooded. The total Jewish population in Honduras is estimated at 150. Most of the other Jews live in the capital, Tegucigalpa. Israel is represented by an honorary consul.